Gamuda (GAM MK)

Crafting Multi-year Growth Parameters

HOLD (Maintained)

Share Price	RM5.10
Target Price	RM5.75
Upside	12.7%

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Highlights

- Gamuda remains laser-focused on delivering outperformance in both construction and property segments, backed by its deepening exposure in key markets.
- The construction segment charted a record-high orderbook, while the property segment set to register strong growth from Vietnam QTP projects, promising exponential earnings delivery in FY26-28.
- Maintain HOLD with a target price of RM5.75 as valuations appear fair after an impressive rally.

Analysis

- **Commendable interest from Singapore and regional investors.** Gamuda participated in our UOB Kay Hian Asian Gems Conference 2025 last week. Based on the meaningful number of institutional participants at its meeting, Gamuda had a very high level of investor interest with the key points of interest being the group's robust orderbook replenishment and targets, mega infrastructure and renewable-energy projects, and Vietnam's quick turn-around projects (QTPs).
- **Multi-year earnings growth well supported by impressive orderbook replenishments.** Gamuda secured RM24.9b worth of contracts in FY25 and has a RM3.5b orderbook in FY26 thus far, lifting its outstanding orderbook to a record-high RM39.3b. Management remains confident in achieving its orderbook guidance of RM40b-45b by end-25, fulfilled by several tender outcomes that are pending finalisation.
- **Valuations appear fair after impressive rally; further re-rating requires precise executions and earnings surprise.** Following the impressive share price rally (+244% since 2024), Gamuda is now trading at 21x FY26F PE (+1.3SD above mean). While such valuation premiumisation is fairly justified given its multi-year record-high orderbook and earnings upcycle, we opine that any further re-rating requires significant earnings enhancement or above-expectations orderbook wins.

Key Financials

Year to 31 Jul (RMm)	FY24	FY25	FY26F	FY27F	FY28F
Net turnover	13,347	15,970	21,980	26,786	34,196
EBITDA	1,108	1,536	2,106	2,535	3,030
Operating profit	945	1,337	1,913	2,343	2,833
Net profit (rep./act.)	912	1,003	1,379	1,632	1,983
Net profit (adj.)	884	981	1,379	1,632	1,984
EPS	31.9	17.7	24.9	28.3	34.4
PE	16.0	28.8	20.5	18.0	14.8
P/B	1.2	2.4	2.2	2.2	2.1
EV/EBITDA	34.7	25.0	18.3	15.2	12.7
Dividend yield	3.1	2.0	2.4	2.9	3.9
Net margin	6.8	6.3	6.3	6.1	5.8
Net debt/(cash) to equity	45.8	57.2	65.7	67.1	69.3
Interest cover	6.4	8.6	10.8	10.4	11.3
ROE	9.4	8.6	11.2	12.5	14.3
Consensus net profit	-	-	1,412.5	1,787.5	2,013.0
UOBKH/Consensus (x)	-	-	0.98	0.91	0.99

Source: Gamuda, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	GAM MK
Shares issued (m)	5,854.2
Market cap (RMm)	29,872.7
Market cap (US$m)	7,112.2
3-mth avg daily t'over (US$m)	19.3

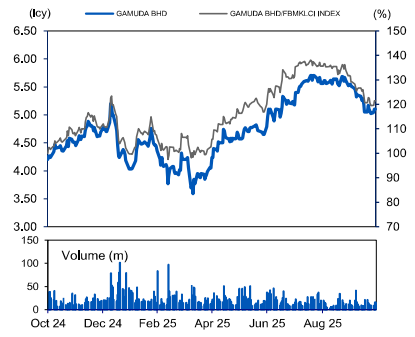
Price Performance (%)

52-week high/low				RM5.80/RM3.48
1mth	3mth	6mth	1yr	YTD
(9.1)	(1.9)	27.8	20.0	7.6

Major Shareholders

	%
Employees Provident Fund Board	18.3
Amanah Saham Nasional Bhd	4.1
Generasi Setia M Sdn Bhd	4.0
FY26 NAV/Share (RM)	2.30
FY26 Net Debt/Share (RM)	1.51

Price Chart



Source: Bloomberg

Company Description

Gamuda is a civil engineering construction company with exposure to property development and water concessions.

- **Management confident in achieving exceptionally strong construction orderbook guidance.** While Gamuda's orderbook stands at RM39.3b currently, management has maintained its guidance of a potential orderbook of RM40b-45b by end-25 and RM50b-55b by end-FY26. Assuming a RM4b quarterly orderbook burn rate, Gamuda has to secure at least RM25b-30b worth of contracts (by Aug 26) to meet its FY26 guidance. Management remains optimistic that several domestic and overseas projects will materialise in the upcoming months.
- **Australia landscape remains promising from both renewable energy and traditional infrastructures.** Within overseas projects which made up around 68% of the construction segment's FY25 revenue, Australia remains as Gamuda's largest revenue contributing market. Via subsidiaries - Gamuda Australia and DT Infrastructure (DTI), Gamuda is actively involved in various public infrastructure and renewable-related project tenders. For the renewable sector, Gamuda bagged the Boulder Creek Wind Farm and Goulbum River Solar Farm projects earlier this year. Other potential projects include: a) an additional 5-6 stations for Sydney Metro West (around RM5b-6b), b) an EPCC contract for Marinus Link Stage 1 (~RM2b); and c) Sunshine Coast Railway in Brisbane and Northland Corridor highway in New Zealand (Gamuda in the final shortlist; tender outcomes in 1H26).
- **On the domestic front, finalisation of several large-scale infrastructure projects and data centre projects will happen in the coming months.** In Malaysia, the finalisation of infrastructure projects such as the Penang-Perak Water Infrastructure and MRT 3 scopes are expected to be announced in 4Q25-2026. For private job flows, Gamuda will likely secure several hyperscale data centre (DC) projects through direct negotiation, which includes the Negeri Sembilan DC site (8-9 DCs in total; 2-3 DCs to be awarded yearly, RM3b-4b per DC). The group's Industrialised Building Systems (IBS) capacity is sufficient to build eight DCs concurrently
- **Earnings crystallisation aligning with S-curve methodology; exponential growth in FY26-27.** Assessing Gamuda's existing project pipelines, its earnings growth in FY25 (14%) is relatively modest despite clinching >RM18b in contracts. This is mainly due to multiple flagship projects such as: a) Penang Mutiara LRT Segment 1; b) Upper Padas Hydroelectric Dam; c) DC works; and d) Taiwan's rail projects (Xizhi Donghu and Kaohsiung MRT), which have yet to meaningfully scale up. We expect these projects to chart accelerated progress billings in FY26-27, which is already reflected in our exponential earnings growth forecast of 20-36%.
- **Property development division offers exciting growth from Vietnam QTPs.** While Gamuda's property division recorded lower FY24 sales of RM4.1b (+18% yoy), management remains confident in achieving its new sales target of RM5.5b in FY26 (+34% yoy), which will be largely augmented by better contributions from local launches and Vietnam's QTPs.

Valuation/Recommendation

- Maintain HOLD with an unchanged SOTP-based target price of RM5.75. Our target price implies 23x FY26F PE (+1.5SD above mean).

Orderbook as of 4QFY25

Projects	Value RMb	Progress %
Malaysia:		
Penang Mutiara Line (60% share)	6.0	7
Silicon Island Phase 1	4.5	13
Rasau WTP Phase 1	1.2	43
Data Center Projects	3.5	28
Upper Padas Hydro Dam (75% share)	2.3	4
Enabling work for DC campus	0.8	24
Sarawak Coastal Highway (65% share)	0.7	0
Australia:		
SMW-WTP	0.7	92
Coffs Harbour Bypass (50% share)	1.0	58
M1 Motorway (40% share)	0.3	75
DTI projects	5.7	67
Taiwan:		
Tao Yuan underground (60% share)	1.0	17
Kaoshiung MRT YC01 (88% share)	2.8	2
Xizhi Donghu MRT (75% share)	2.8	10
Marine Structure (70% share)	2.5	0
Others	0.5	0
Singapore:		
Defu station (60% share)	0.5	49
West Coast Station	1.6	9
Total Orderbook	**38.4**	

Source: Gamuda, UOB Kay Hian

Segmental Forecasts

Revenue (RMb)	FY26F	FY27F	FY28F
Engineering & Construction	16.9	20.0	25.0
Property Dev & Club	4.9	6.6	9.1
Water Concession	0.1	0.1	0.1
Total	**21.98**	**26.79**	**34.20**
EBIT (RMb)			
Engineering & Construction	1.23	1.51	1.81
Property Dev & Club	0.60	0.75	0.94
Water Concession	0.08	0.08	0.08
Total	**1.91**	**2.34**	**2.83**

Source: Gamuda, UOB Kay Hian

SOTP Valuations

	RMm	Remarks
Construction	26,080	25x FY26 PE
Property	9,717	10% discount to RNAV
Water concession	1,472	
Less Net Debt	(4,093)	
Total SOTP value	**33,177**	
Diluted no. of shares (m)	5,770	
Target Price (RM)	**5.75**	

Source: Gamuda, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- Commits to reducing greenhouse gas emission intensity by 30%/45% in 2025/30.

Social

- Well-diversified workforce in terms of gender: female (43%) and male (57%).

Governance

- Independent directors make up 57% of its board.

Source: Gamuda, UOB Kay Hian

Profit & Loss

Year to 31 Jul (RM)	FY25	FY26F	FY27F	FY28F
Net turnover	**15,970**	**21,980**	**26,785**	**34,196**
EBITDA	1,536	2,106	2,535	3,030
Deprec. & amort.	199	193	192	197
EBIT	1,337	1,912	2,342	2,833
Associate contributions	145	83	86	89
Net interest income/(expense)	(179)	(195)	(244)	(267)
Pre-tax profit	**1,304**	**1,800**	**2,184**	**2,654**
Tax	(257)	(360)	(480)	(584)
Minorities	(44)	(60)	(71)	(87)
Net profit	**1,003**	**1,379**	**1,632**	**1,983**
Net profit (adj.)	981	1,379	1,632	1,983

Balance Sheet

Year to 31 Jul (RM)	FY25	FY26F	FY27F	FY28F
Fixed assets	6,441	7,990	9,038	10,085
Other LT assets	4,873	4,943	5,012	5,081
Cash/ST investment	3,260	3,957	4,027	3,976
Other current assets	16,549	20,538	23,385	27,903
Total assets	**31,123**	**37,428**	**41,461**	**47,045**
ST debt	2,493	2,463	2,616	2,778
Other current liabilities	8,212	11,390	13,766	17,521
LT debt	7,637	9,853	10,462	11,114
Other LT liabilities	628	793	850	949
Shareholders' equity	12,000	12,715	13,482	14,311
Minority interest	153	214	285	372
Total liabilities & equity	**31,123**	**37,428**	**41,461**	**47,045**

Cash Flow

Year to 31 Jul (RM)	FY25	FY26F	FY27F	FY28F
Operating	**(81)**	**905**	**1,396**	**1,514**
Pre-tax profit	1,304	1,800	2,184	2,654
Tax	(257)	(360)	(480)	(584)
Deprec. & amort.	159	193	192	197
Associates	(145)	(83)	(86)	(89)
Working capital changes	(1,141)	(645)	(414)	(665)
Other operating cashflows	0	0	0	0
Investing	**(1,255)**	**(1,721)**	**(1,223)**	**(1,225)**
Capex (growth)	(1,291)	(1,721)	(1,223)	(1,225)
Proceeds from sale of assets	20	0	0	0
Others	16	0	0	0
Financing	**1,838**	**1,512**	**(104)**	**(340)**
Dividend payments	(154)	(664)	(866)	(1,154)
Issue of shares	195	0	0	0
Proceeds from borrowings	2,337	2,177	762	814
Others/interest paid	(540)	0	0	0
Net cash inflow (outflow)	**502**	**696**	**70**	**(51)**
Beginning cash & cash equivalent	**2,596**	**3,260**	**3,957**	**4,027**
Changes due to forex impact	(85)	0	0	0
Ending cash & cash equivalent	**3,013**	**3,957**	**4,027**	**3,976**

Key Metrics

Year to 31 Jul (%)	FY25	FY26F	FY27F	FY28F
Profitability				
EBITDA margin	9.6	9.6	9.5	8.9
Pre-tax margin	8.2	8.2	8.2	7.8
Net margin	6.3	6.3	6.1	5.8
ROA	3.5	4.0	4.1	4.5
ROE	8.6	11.2	12.5	14.3
Growth				
Turnover	19.7	37.6	21.9	27.7
EBITDA	38.6	37.1	20.4	19.5
Pre-tax profit	18.8	38.0	21.4	21.5
Net profit	10.0	37.5	18.3	21.5
Net profit (adj.)	11.0	40.6	18.3	21.6
EPS	(44.5)	40.7	13.7	21.6
Leverage				
Debt to total capital	45.5	48.8	48.7	48.6
Debt to equity	84.4	96.9	97.0	97.1
Net debt/(cash) to equity	57.2	65.7	67.1	69.3
Interest cover	8.6	10.8	10.4	11.3

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